

Per 28th Jan

Exhibit A

ABOUT USAID	OUR WORK	LOCATIONS	POLICY	PUBLIC AFFAIRS	BUSINESS	CAREERS
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Frequently Asked Questions (FAQs)

Skip Sourcebook Navigation

USAID Sourcebook FAQ



Results
Core Values
Sources
FAQ
Glossary
USAID ADS

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1. What is a results-oriented (performance-based) assistance instrument: what are its necessary characteristics and features? A results-oriented assistance instrument is a grant or cooperative agreement awarded to a Development Partner to achieve results that contribute to USAID's performance goals. See Defining Results-Oriented Assistance.

2. How is results-oriented assistance related to a performance-based grant? The term "performance-based grants" has not been defined with legal precision. However, the term as commonly used seems basically the same as results-oriented assistance.

3. How is results-oriented assistance related to performance-based contracting? The three key elements of results-oriented assistance are broadly similar to performance-based service contracting:

- ▶ results-oriented program descriptions;
- ▶ performance measures; and
- ▶ responsibility for performance.

For performance-based service contracts the three main elements are:

- ▶ performance-based work statements;
- ▶ quality assurance and surveillance plans; and
- ▶ performance incentives and disincentives.

From a technical viewpoint, the third element of results-oriented assistance, i.e., responsibility for performance differs from the comparable element of performance-based service contracts, i.e., performance incentives and disincentives, in that responsibility for performance is a broader and more general concept. Performance responsibility is comprehensive. Incentives and disincentives are monetary in nature and relate only to the fees paid to for-profit organizations under some contract types. The fundamental difference between the two is the classic distinction between procurement and assistance relationships Link to "choose" section of Sourcebook.

4. What are the steps in designing a good results-oriented assistance instrument? Results-oriented assistance is based on participatory Strategic Planning. Those who are most likely to be affected by or benefit from the assistance must participate in planning results-oriented assistance. Their input must be reflected in the following three steps:

Step 1: Development of a results-oriented program description.

Step 2: Establishment of a performance measurement system.

Step 3: Determination of responsibility for performance. See Planning Results-Oriented Assistance.

5. What are the U. S. Government's requirements related to the use of assistance instruments in managing for results? There is nothing in federal law or statute that indicates that the federal government can manage for results only by using a certain type of instrument. Government-wide, the focus on results is mandated by the Government Performance and Results Act (GPRA) of 1993. This Act permits use of

- projects; and
- authority to immediately halt a construction project.

8. Are there cost issues in results-oriented assistance that have not been a factor in traditional grants and cooperative agreements? Most cost-issues are the same. However, under results-oriented assistance, as under performance-based service contracts, performance measurement takes on added importance. Therefore, there may be increased costs of monitoring and evaluation on the part of the Recipient to measure the results achieved and report them back to the Agency.

9. What are the risk factors and accountability issues to be considered in the design and use of results-oriented assistance instruments? The fundamental risk and accountability issue affecting all types of instruments awarded by USAID is the potential for micro-management. When substantial involvement is anticipated in an assistance relationship between the USAID Technical Office or Strategic Objective Team and the Recipient, a cooperative agreement must be used. Substantial involvement is not a device to provide undue administrative oversight or detailed operational control. USAID has effective ways of enforcing accountability for performance. However, it must not confuse performance with an unconditional guarantee. USAID shall, among other things,

- Ensure up front that it shares mutual interests with the Recipient.
- Structure the award in such a way as to monitor the Recipient's performance continuously throughout the project. This entails designing a performance monitoring plan which evaluates the Recipient on an on-going basis. Continuous reporting and periodic reporting are fundamental characteristics of assistance instruments that allow both the Agency and its Development Partner to know as early as possible when things are not going as planned and what actions will be necessary by either or both parties to correct them.
- Consider structuring the award with tranche funding to permit periodic reviews and evaluations before additional funding is committed. (This practice is controversial and can be counterproductive if funding periods are too short or it is too rigidly applied).

10. Who decides which assistance applications are funded? The responsibility of the Strategic Objective Team with regard to competitive award procedures is divided among the Agreement Officer, the Activity Manager, and the Cognizant Technical Officer (often the Activity Manager and the Cognizant Technical Officer are the same individual) in the following manner. The Activity Manager is responsible for convening a competitive technical review panel to review and evaluate all proposals for technical selection in accordance with USAID policies and procedures. Once the panel has concluded its technical review and evaluation, to the Activity Manager prepares a written evaluation report indicating which application or applications should be funded, and submits the report to the Agreement Officer. The Agreement Officer, in turn, asserts that the review and evaluation of all proposals were done in accordance with USAID policies and practices. Once the Activity Manager determines which applications will be recommended for funding, the Agreement Officer initiates the pre-award process (ADS 303.5.9 (PDF 542KB)), which culminates in the signing of an award with the recipient.

11. Is there a standard application form or format that is to be used? Current USAID policy requires Applicants to use the Government-wide Standard Form 424 "Application for Federal Assistance" (PDF 200KB) for submitting cost proposals in response to an RFA. Standard guidelines for the technical part of applications are published in each RFA, but applicants may use their own formats for their technical applications.

12. What are the requirements for private contributions for registration of Private Voluntary Organizations (PVOs)? In keeping with the "privateness requirement" legislated by Congress, USAID requires that in order to be eligible for grants and cooperative agreements from development assistance funds, PVOs must register with USAID and show that at least 20 percent of their annual financial resources for their international programs come from non-U.S. Government sources. Requirements and applications for registration may be found on the **Office of Private and Voluntary Cooperation's website**.